

Instructions for Preparing Required Base Adjustments, and Other Technical Adjustments

2008-2010 Biennial Budget



Department of Planning and Budget

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Overview

This package of instructions is the first your agency will receive related to development of the Governor's executive budget for the 2008-2010 biennium. It provides guidance and instructions for the preparation of adjustments to your agency's base budget. This submission is **due by October 15, 2007**.

This submission involves the following which will be discussed in more detail in these instructions:

- A WebBEARS data submission for required base adjustments and other technical adjustments. (The 2008-2010 Base Budget has been pre-loaded in WebBEARS for your reference. No action is required on your part for this submission. See below for more information.)
- The submission of a technical adjustment narrative form (TAN) for each technical adjustment submitted (this excludes required base adjustments).

These instructions apply to all state agencies and institutions of higher education.

In October, DPB will issue additional instructions for submitting "decision packages" which will include requests for changes in services or new services. The final total budget request for the 2008-2010 biennium will consist of the base budget, required base and technical adjustments, and any decision packages that you submit.

Instructions will also be sent to agencies in the next month for preparing nongeneral fund revenue estimates required for development of the 2008-2010 biennial budget and legislative reporting forms.

The budget process for 2008-2010 is slightly different from two years ago. The base budget submission has been pre-loaded for your agency and is provided for reference only. The base budget loaded is your agency's FY 2008 appropriation for dollars and positions as included in Chapter 847, 2007 Acts of Assembly. No adjustments will be permitted in the base budget submission. Any required adjustments to your base budget such as the distribution of central appropriation actions, the reflection of certain changes approved administratively, the deletion of one-time costs, or the annualization of partial-year funding will be submitted as required base and/or technical adjustments in the separate "2008 Adjustments" submission.

Instructions on how to array the continuation of your FY 08 budget reductions for FY 2009 and FY 2010 will be forthcoming.

Some items shown as one-time will be addressed in a decision package requested by DPB rather than included in base budgets.

Please note: Funding provided in this base submission is not guaranteed to be in the Governor's budget released on December 17, 2007.

Definitions

FY 2009 refers to the period from July 1, 2008, to June 30, 2009.

FY 2010 refers to the period from July 1, 2009, to June 30, 2010.

2008-2010 biennium refers to the two-year period that begins July 1, 2008 and ends June 30, 2010.

Calendar

Below is a calendar of key budget development dates for the 2008-2010 biennium:

<i>Submission</i>	<i>Date Due to DPB</i>
Strategic Plan/Service Area Plan	September 28, 2007
Required Base and Other Technical Adjustments	October 15, 2007
Decision Package Submission	October 31, 2007
Federal and Organizational reporting requirements	November 1, 2007

The Governor will submit his 2008-2010 biennial budget to the General Assembly on December 17, 2007.

2008-2010 Base Budget

The 2008-2010 Base budget consists of data representing your agency's appropriation for FY 2008 from Chapter 847. This information has been pre-loaded for you. You will not be permitted to make any changes in this submission. Any changes required should be made as separate adjustments in the base and technical adjustments submission. No submission is required on your part for the base budget submission. Agencies should however, use the data include in the 2008 Base submission as a reference for determining the distribution of the required base and technical adjustment submission ("2008 Adjustments" in WebBEARS).

Required Base Adjustments and Other Technical Adjustments

This past years, adjustments to agency base budgets required by DPB and technical adjustments requested by agencies were included in separate WebBEARS submissions. This year, these addenda have been combined into one submission in WebBEARS. This submission is the "2008 Adjustments" item on the budget dropdown box. Despite the fact that these items are being included in a common WebBEARS data submission, their intent remains unchanged over previous years. A description of required base adjustments and other technical adjustment follows;

Required Base Adjustments

Required base budget adjustments consist of mandatory changes to your 2008-2010 base submission. DPB will identify and communicate these mandatory adjustments to you soon after these instructions are issued. These adjustments will consist of addenda in the 100 addenda number series. The addenda number for each of these required adjustments will be provided to you by DPB.

Examples of required base budget adjustments include:

- Removal of one-time costs or savings,
- Net zero transfers of dollars or positions,
- Annualization of partial year spending or reductions,
- Shifting of funds or positions between programs,
- Addition of nongeneral fund revenues,
- Increase in position level to reflect actions already approved administratively, or
- Continuation of funding for November 2006 and November 2007 salary increases and 2006-2008 employee benefit changes.

For these adjustments, no narrative submission is required. See the “Electronic Data Submission” section of these instructions on how to submit required base adjustments in WebBEARS.

Other Technical Adjustments

Other technical adjustments are agency generated adjustments to your base budget. Unlike the required base adjustments, these adjustments require the submission of a narrative form in addition to the WebBEARS data. Other technical adjustments will be entered in the “2008 Adjustments” submission in WebBEARS using 200 series addenda numbers. **Do not submit other technical adjustments addenda for items identified as required base adjustments and do not combine other technical adjustments with required base adjustments into one addenda.**

Similar to base adjustments, technical adjustments can be submitted for one or more of the following purposes:

- Remove one-time costs not included in base adjustments,
- Net zero transfer of dollars or positions
- Annualize partial year funding not included in base adjustments,
- Shift funds or positions between programs,
- Account for additional nongeneral fund revenues, or
- Account for an increase in position level to reflect actions already approved administratively, or
- Other technical changes or corrections to the agency base budget.

Contact your budget analyst if you have questions about whether an adjustment meets these criteria or not. Generally, any adjustments resulting in additional general fund dollars or involving new policy should be submitted as a decision package in October.

For more information on things to consider when calculating and distribution your technical adjustments, see Appendix A of these instructions.

For each proposed technical adjustment, submit via email attachment(s) a Technical Adjustment Narrative Form (TAN) to budget@dpb.virginia.gov . Make sure to copy your DPB budget analyst on this message.

Technical Adjustment Narrative (TAN)

The technical adjustment narrative (Form TAN) provides DPB with a description of the proposed technical adjustment and the supporting rationale or justification. A copy of the form can be found in Appendix C.

Agencies must complete a separate Form TAN for each proposed technical adjustment. Do not submit this form for required base adjustments (addenda numbers 100 to 199). This form is available in Microsoft Word format on DPB's web site at <http://dpb.virginia.gov/forms/forms.cfm>. A separate narrative justification for each technical adjustment must be submitted.

All items in the Form TAN must be completed, if an item is not applicable, insert "N/A." Do not delete any items. Name the file according to the following convention: your agency's three-digit code followed by "TAN" and the 200 series addenda number used for the adjustment being requested. Example: If you are agency 999, the file for the addenda 201 technical adjustment would be named "999TAN201.doc"

- Item 1. Agency name: Type in the agency name.
- Item 2. Agency code. Insert your agency's three-digit code.
- Item 3. Addenda number. Use the 200 series. If your agency is proposing more than one technical adjustment, number the first one 201, the second one 202, and then sequentially, 203, 204, etc. **(It is important that you use the SAME number here that you do in the WebBEARS data submission.)**
- Item 4. Title. Insert a short descriptive title (no more than 100 characters long) describing the action.
- Item 5. Description. Summarize the actions your agency proposes to take.
- Item 6. Rationale or need for the request. What issue or problem are you trying to resolve? What is the need for the proposed action? Be as specific as possible.
- Item 7. Methodology for cost of proposal. Provide an explanation of the methodology used to calculate the figures in the technical adjustment.
- Item 8 Nongeneral fund sources. Put an X in the appropriate box to indicate if the proposed technical adjustment involves a change in nongeneral fund revenue. If "yes," insert in the table the revenue source code, the fund/fund detail code, the title of the fund/fund detail, and the amount for each year of the biennium. Add additional lines if needed for more revenue source codes or fund details. Also, provide in the block marked "Nongeneral Fund Methodology" the methodology used to calculate the nongeneral fund amounts. State if the nongeneral funds involved are grant funds.

Electronic Data Submission

Agencies will use WebBEARS to prepare and transmit the data submission for required base adjustments and other technical adjustments. The data submission arrays your requests by fund, program/service area, and by object of expenditure (subobject for personal services and major object for nonpersonal services).

Here are some additional guidelines for submission:

- **Choose “2008_Adjustments.”** In WebBEARS, be sure to choose the submission called “2008_Adjustments” from the drop-down menu on the main screen.
- **Use the correct addenda number series.** Use the 100 addenda number series provided to you by DPB for required base adjustments and the 200 series for other technical adjustments (addenda number series 200 through 299).
- **See Appendix A of these instructions.** See Appendix A for things to consider when calculating and distributing your required base adjustments and other technical adjustments.
- **Remember to click the ‘Complete Submission’ button.** WebBEARS automatically sends DPB an e-mail when you complete your data submission by clicking on the final “Complete Submission” button.

WebBEARS has an on-line help feature for those who are unfamiliar with the system. Go to DPB’s website: <http://dpb.virginia.gov/> and click on WebBEARS in the blue column at left.

Appendix A: Things to Consider

Service Areas

Service areas are the link between the budget and the strategic plan. You should not be making changes to your service areas unless you have worked with your DPB budget analyst first and the change has been approved by DPB.

Personal services

The 2008-2010 base budget that has been pre-loaded for you does not include salary adjustments and fringe benefit changes funded in central appropriations in Chapter 847. As a result, the fringe benefits rates used in the base budget are different than those rates used for the required base adjustments and other technical adjustments. Refer to Appendix B for the fringe benefit rate table to use for your required base adjustments and other technical adjustments. For your required base and other technical adjustments, you should use the rates in the far right column.

In addition, the sum of the funding for personal services in the base budget and the required base adjustments/other technical adjustments should be sufficient to fully fund the position level for your agency.

Turnover and vacancy

Your submission should reflect projected turnover and vacancy savings for your agency. These savings should be based on historical trends and assumptions for the 2008-2010 biennium. Savings from turnover and vacancy need to be shown as a negative number. The savings can be applied to another area as a positive number to offset spending in other personal services areas (such as severance or hourly employment) or nonpersonal services. The following designated subobject codes are to be used for adjustments in the submission for turnover and vacancy savings:

- 1192 Turnover/Vacancy Faculty Salaries
- 1193 Turnover/Vacancy Fringe Benefits
- 1194 Turnover/Vacancy Medical/Hospital Insurance
- 1195 Turnover/Vacancy Classified Salaries

Personal service recoveries

Recovery codes are used only for non-vendor relationships that would include refunds made by vendors or parties outside state government. Recovery codes should not be used to record payments for goods or services provided to public or private individuals or entities. The xx98 subobject codes should only be used when the expenditure and recovery of expenditure occur in the same fiscal year. The following designated subobject codes are to record any adjustments for personal service recoveries:

- 1196 Indirect Cost Recoveries from Auxiliary Program for Personal Services (higher education only)
- 1197 Indirect Cost Recoveries from Sponsored Programs for Personal Services (higher education only)
- 1198 Inter-Agency Recoveries for Personal Services
- 1199 Intra-Agency Recoveries for Personal Services

Nonpersonal services

For all nonpersonal services, array the planned expenses by major object of expenditure. Use ONLY the designated convenience codes listed below; e.g., for your expenses in the 1200 major object of expense, enter your aggregate amount using the convenience code 1295.

- 1295 Undistributed Contractual Services
- 1395 Undistributed Supplies and Materials
- 1495 Undistributed Transfer Payments
- 1595 Undistributed Continuous Charges
- 2195 Undistributed Property and Improvements
- 2295 Undistributed Equipment
- 2395 Undistributed Plant and Improvements
- 3195 Undistributed Obligations

Do not use any other budgetary nonpersonal services convenience codes in the Expenditure Structure. These convenience codes cannot be used during budget execution.

Appendix B

Fringe Benefit Table

Subobject	Factor	Annual Cost Factors Used In The 2008-10 Base Budget	Required Base and Technical Adjustments Annual Cost Factors
1111	VRS Retirement Contributions		
	State Employees	8.91%	11.15%
	Virginia Law Officers Retirement (VaLORS)	21.99%	20.86%
	State Police (SPORS)	21.49%	25.76%
	Judges (JRS)	35.55%	43.01%
1112	Social Security	6.20% capped at \$97,500	6.20% capped at \$97,500
1112	Medicare	1.45%	1.45%
1114	Group Life	0.80%	1.00%
1115	Annual Employer Health Insurance Premiums		
	COVA Care (Statewide) and Kaiser (Northern VA)		
	Single	\$4,080	\$4,740
	Employee Plus One	\$7,272	\$8,472
	Family	\$10,668	\$12,420
1116	Retiree Health Insurance Credit Premium	1.04%	1.20%
1117	VSDP & Long-Term Disability Insurance		
	State employees	1.65%	2.00%
	State Police	1.65%	2.00%
	VaLORS	1.65%	2.00%
1118	Teachers Insurance and Annuity	10.40%	10.40%
1119	Defined Contribution Plan	10.40%	10.40%
1138	Deferred Compensation Match Payments	One-half of an employee's contribution per pay period, up to a maximum of \$20 per pay period or \$480 annually.	One-half of an employee's contribution per pay period, up to a maximum of \$20 per pay period or \$480 annually.

Note: Percentage costs refer to percent of salaries. Health insurance premiums are the annual employer dollar cost for an individual.

Appendix C

Technical Adjustment Narrative (TAN) Form

1. Agency name: _____ 2. Agency code: _____

3. Addenda number: _____ 4. Title: _____

5. Description:

6. Rationale or need for the request:

7. Methodology for cost of proposal:

8. Nongeneral fund sources: ☐ YES ☐ NO

If YES, fill in table below:

Revenue Source Code	Fund/ Fund Detail Code	Fund/Fund Detail Title	FY 2009 Amount	FY 2010 Amount

Nongeneral fund methodology: